



STAKEHOLDER GROUP MEETING – SYNOPSIS

MEETING DATE: 7/7/2008

ATTENDEES: COUNCILMEMBER PETE CONSTANT, CHAIR

MEMBERS: LORIE BIRD, ELIZABETH BRIERLY, BOB BROWNSTEIN, YOLANDA CRUZ, PAT DANDO, PATRICIA GARDNER, ERNIE GIACHETTI, JOSHUA HOWARD, CHARLES JONES, MICHELLE LEW, BOBBY LOPEZ, STEVE MOORE, DAVE PERSSELIN, ED RAST, JAN SCHNEIDER, RANDY SEKANY, SUZANNE WOLF.

ABSENT: CARL COOKSON, JEFF RUSTER, BUU THAI, KEN WILLEY.

STAFF: DEBRA FIGONE, CITY MANAGER, JOHN WEISS, REVEVELOPMENT AGENCY, JANE LIGHT, CITY MANAGER'S LIAISON, SHAWN SPANO, FACILITATOR.

Welcome/Introductions/Process Overview

- Councilmember Constant called the meeting to order at 6:09 p.m. by welcoming everyone. Stakeholders were thanked for their commitment to the group and attendance at the meetings.

Budget Strategy Exercise

- Stakeholders will finish discussing strategies in the "General Fund Structural Deficit Elimination Plan Strategy Development" sheet. Final remaining theme is "Revenue Generation"
- Strategy suggestions reflect those emailed to the Chair and those included in the San Jose Excels! Report as of May 30, 2008.

The group should focus on the advantages and concerns of the strategies and not implementation. Stakeholders who recommended a strategy can help start off concept by explaining to the group their suggestion.

DISCUSSION OF STRATEGY THEMES

THEME: Revenue Generation

STRATEGY		<i>Re-invest funds generated by energy conservation or other environmental programs that reduce costs into further efforts to improve environmental quality.</i>	
	ADVANTAGES		CONCERNS
1.	May create revenue to become more energy efficient.	1.	Reinvesting means spending, not reducing costs- what is the payback?
		2.	This strategy is too vague.
		3.	Departments may be disincentive to doing this if money go to other projects in other departments

Stakeholder Clarification: Investment assumes we're getting a pay back, but this looks like we're just spending

STRATEGY		<i>Increase penalties for code enforcement violations and use fees to pay for additional personnel</i>	
	ADVANTAGES		CONCERNS
1.	Good to penalize bad behavior.	1.	Raising fees is fine- but not for purpose of hiring more people to do more work.
		2.	Should not look at one-time fees to pay ongoing costs.
		3.	We don't have enough staff (code enforcement officers) to enforce this suggestion.
		4.	Are our penalties higher than surrounding cities?
		5.	What is the performance level we want to achieve?
		6.	Raising fines so high that we discourage the behavior completely- this will result in a loss of revenue.

Stakeholder Question: What is the amount of the fee raise?

Stakeholder Question: Can fees and penalties go into the general fund?

Answer: Yes.

Stakeholder Clarification: This strategy is talking about increasing penalties for violations not user fees.

Stakeholder Request for Information: Can staff provide proposed amounts of fee increases for violations?

STRATEGY		<i>Examine the relationship between the Airport and the city to determine if there are ways to generate additional revenues to the General Fund</i>	
	ADVANTAGES		CONCERNS
		1.	Airport has to be competitive in its market place (SFO, OAK)
		2.	Is there a way to provide incentives to increase volume at airport and raise more revenue?

Stakeholder Clarification: This strategy that is also a question- can this be done?

Stakeholder Question: Is the airport permitted to make a profit?

Answer: Airport is a business and does consider the fees it passes along to the airlines. The Airport Director is accountable to the Airlines in terms of the fees it passes on

Stakeholder Request for Information: Can bring the Airport director to another meeting- if stakeholders have a lot questions about the Airport.

Councilmember Constant asked Stakeholders to send strategies to him via e-mail at pete.constant@sanjoseca.gov. Please write "Stakeholder Group" in the subject line.

Downtown Entertainment Zone Cost Recovery Strategy

Management Partners Report, "Development of Strategies to Address the City's General Fund Structural Budget Deficit" pages 66-68. January 2008.

Assistant Police Chief Dan Katz addressed the Stakeholder Group and answered questions.

How many night clubs are there in the downtown area?

Low 30's, approximately.

Do club owners think there is a problem that requires Police presence?

Yes as a general statement. But varies how much police presence is required, and is their business causing a problem?

How does Santana Row handle security?

It is private property. Right now there are 3 restaurants with permits to operate night clubs. For the entire complex- there are off duty officers working security for the entire complex.

Couldn't a similar plan work in downtown?

That would be comparing apples/oranges. Santana Row has smaller venues, 3 restaurants and is private property. Downtown venues have more people and are located in public property. Not sure if a similar strategy would be sustainable. Big issue for SJPd is that there is a defined work force (static number of officers) that can be used to deploy in the downtown area.

City Manager Figone Clarification Question: Off-duty officers that patrol Santana Row, are their police powers suspended?

Yes, they must call on-duty officers to handle arrests, etc.

What kept the Entertainment zone from being implemented in the 1990's?

The club EZC fees were not included in the City's fees and charges book.

Citizen's Arrest- can an off-duty officer do this without calling an on-duty officer?

Citizen calls an on-duty officer to conduct arrest/charge the offender.

To what extent do we subsidize the clubs?

In 1997 dollars, \$1 million. This year Over Time costs are projected at nearly \$1 million, but we are budgeted for \$660,000.

Has SJPd looked at how much of the problem is club-customers versus non-club patrons?

Have looked at our prime call-for-service time and it usually picks up at 10 p.m. and goes until 2:30 a.m. Most businesses open during this time are night clubs, very few restaurants.

What if you took a small detail and changed their shifts?

SJPd does that. They have the Downtown Services detail (7 officers). Wed-Sat 5 p.m. to 3 a.m. SJPd piloted a linked swing shift and found it was tough to supervise, so we went to a fourth watch (5pm - 3 a.m.) for this one detail.

SJPd Clarification: As the zoning, residents, etc. change in downtown, eventually it will be a culture shift that will not require such special attention/services to the downtown area.

Stakeholder Question: What is the reasonable increment that should be on a cost sharing basis? And are there any regulations that will help accelerate the shift?

Stakeholder Question: Are there other disproportionate demand industries? That will help us think through this.

Stakeholder Question: Can SJPd compare nightclub policing models in Los Gatos/Campbell?

Stakeholder Request for Information: How do arrest records shake out and where do they originate? A matrix of arrests to trace point of origin would be helpful. Can this be tracked over a 30 or 60 day period- what happened to that individual, what was the enforcement?

SJPd Comment: This would require a workload assessment. Some of this is already tracked and retrievable. For example, there is some information on enforcement activity in parking garages. However, many arrests do not make it through the court system in less than 60 days.

Councilmember Constant called for a break at 7:40 p.m. Due to time limitations, the Chair asked that Stakeholders e-mail specific advantages and concerns regarding "Entertainment Zone" strategy to him (pete.constant@sanjoseca.gov) or Jane Light (jane.light@sjlibrary.org). After the break, the discussion will continue with the Prevailing Wage strategy.

Prevailing Wage Strategy

Management Partners Report, "Development of Strategies to Address the City's General Fund Structural Budget Deficit" pages 117-119. January 2008. Presentation by Andy Belknap, Management Partners (<http://www.sanjoseca.gov/StakeholderGroup08.asp>) July 7, 2008.

Staff Present: Nina Grayson, Quality Assurance Officer
Ed Shikada, Deputy City Manager

Stakeholder Question: What is the current Living Wage ?

Currently as of July 1, 2008 living wage is \$12.83 if health benefits are offered; and \$14.08 per hour if no health benefits are offered.

Management Partners Clarification: There is no proposal to eliminate either Living Wage or Prevailing Wage policies, simply to clarify when each applies.

Stakeholder Question: Contracts that were in violation of prevailing/living wage. In terms of restitution collection, was there also a provision that their contract would not be renewed?

Answer: There is a liquidated damage resolution that requires restitution to workers plus three-times the amount of restitution amount to be paid to the City in fines. The violators can continue to re-bid for future contracts unless City debars them.

Stakeholder Question: Can you forest a local prevailing wage or living wage for construction contracts?

Answer: No.

At the direction of the Chair, the Stakeholders need/would like the following information in order to have an informed discussion regarding advantages/concerns of proposed policy:

- ✓ Comparison of living wage and prevailing wage rates
- ✓ Chart that shows which jobs, the current wage of those jobs, the change in wage under proposed scenarios, project wages 10 years out.
- ✓ Comparison and indication of what other subsidized services we provide-such as welfare/social benefits.
- ✓ Does this apply to nonprofits?
- ✓ Have we heard feedback from vendors if this policy is an obstacle to doing business? How many people are we talking about?
- ✓ Is there a rationale for having this policy apply to this particular group of people?
- ✓ Salary ranges in the market place for these services?
- ✓ Is there correlation between City production in pay and value in contracts?
- ✓ Numbers for this proposed strategy- revenue savings.
- ✓ Are we going to do this? Or is there a chance it will not be used, if so, no point in doing all this work.

Chair Comment: Need clarifications on the mechanics of this strategy. Staff will bring back information that is readily available regarding these questions.

Meeting was adjourned at 8:50 p.m.